

REMOTE EXPRESS DEPOSIT
Internal Procedures
October 2007

Remote Express Deposit, or Remote Check Deposit, allows checks to be scanned locally in your office and the check images transmitted via the Internet to the bank.

The remote deposit process begins when the agency receives a check from a citizen or vendor by mail or in person. Using a table top check scanner, the State agency employee can create the deposit transaction from a PC.

Benefits include:

- Balanced transactions prior to transmission
- Fewer trips to the bank, or none at all
- Deposits may be made up to 5:00 PM CST with same-day credit
- Ability to view check images, and export images
- Security features to prevent deposit of duplicate items

One shortcoming to the remote express deposit system is that there is a 20% - 30% reject rate of the checks scanned. If the check has a busy background or if the check is printed with a dot matrix printer, the chances of rejection increase. However, if the check is rejected, the user can manually input the correct amount and continue with the remote express deposit process.

The Treasurer received competitive bids to provide this service from interested Alabama banks. At this time, Sterling Bank ("bank") will be the main provider of this service. Other institutions may have limited installations.

USER GUIDE

With each installation, the bank will provide a User Guide to the agency. Following is supplemental information that should be reviewed in concert with the User Guide.

1. IQA Error – in the event of an IQA error, do not accept a poor image. It is suggested that the entry drive roller of the scanner be cleaned (shown in the cleaning instructions in the User Guide). Once the scanner has been cleaned, re-image the check. If the image is clear, accept the duplicate. If the image continues to be poor quality, deposit the check at the bank.
2. Duplicate – only accept duplicates if the item was previously scanned, deleted and never transmitted.
3. Routing # Error – the scanner should not allow an item with an invalid routing transit number.
4. Skewed Items – if an image reflects a skewed item, re-scan the check. This error is often caused if the check feeder is raised or lifted during scanning. Make sure the check holder

is pressed down all the way, then re-scan the check. If the item continues to reflect skewed, do not accept. If the item cannot be scanned successfully, take the original item to the bank for deposit.

5. Scan – the scanner will scan the front and back of the check. The back of the check will include the endorsement; and sequence information will be sprayed by the ink cartridge in the scanner as the check passes through the scanner.
6. Privileges – each agency will assign privileges per scanner. Privileges should coincide with current responsibilities as assigned by the agency. Example: If the agency currently allows one person to prepare a deposit, verify the deposit, and deliver to the bank, then with Remote Express Deposit, one person may prepare the deposit, scan the deposit, and transmit the deposit. If the agency currently requires deposit verification from a second staff member, then privileges with Remote Express Deposit may reflect this separation of responsibilities of dual control.
7. Marking Items as Processed – this is an optional feature that some agencies may want to utilize, especially for those agencies with small volumes of checks. The feature allows the front of the check to be marked so that it is easily recognizable as having been scanned, transmitted, and deposited. This marking is in addition to the automatic marking that is sprayed on the back of the check when it is scanned.
8. Query – the query function will show what items have been scanned on your individual scanner.
9. Administrator – an administrator per scanner/agency will be named by the agency.

AGENCY RESPONSIBILITY

A State agency or department that chooses to utilize remote express deposit service agrees and accepts the requirements established by the bank for use of this service. An agency or department representative is required to sign the Remote Express Deposit Consent form accepting the following responsibilities. The form is located on the Treasury website, and once completed, should be faxed to Treasury Cash Management.

1. To visually examine the images and re-scan images which are totally or partially unreadable, verify and validate the total of the deposit as reflected by the software application and transmit the images.
2. To not consider any deposit made through these services as received until a confirmation of the deposit is received via email from the bank. At that time, the cash receipt document can be completed and submitted to Treasury.
3. To not deposit foreign checks (meaning a check drawn on or issued by a bank or other financial institution which is not domiciled within the United States or a territory or possession of the United States which clears through the Federal Reserve System) by utilizing this service. Foreign checks will be deposited at the bank.
4. To accept sole responsibility in the event of multiple depositing of the same checks deposited by you through this service, whether such multiple depositing be intentional or

unintentional and whether as a result of fraud or for any other reason whatsoever, and whether such shall be deposited electronically or as paper checks with us or any other financial institution. To take all necessary steps to avoid such multiple deposits of the same check.

5. To be responsible for the quality of the image of each check scanned. Any check considered rejected will be handled by either re-imaging the check and resubmitting for deposit, or the original will be deposited at the bank.
6. To retain the originals of all imaged checks until they have been validated by bank, and then shred the originals of all imaged checks as soon as it is feasible to do so after validation. To safeguard the originals of imaged checks until such time as they have been shredded.
7. To draft internal procedures in compliance with the above responsibilities.
8. To designate a machine administrator that will be responsible for adding and modifying user information. Once a user is added or deleted, Treasury Cash Management should be notified.
9. To set up Users with a unique identifying system. The first three spaces will be the agency code followed by a space followed by the user initials or agency division. The user code will aid in identifying the depositor if the transaction does not reconcile.
10. To create its own internal procedures and security controls to utilize this product and service.

DEPOSIT RECEIPT and EMAIL CONFIRMATION

Once the deposit information is entered and transmitted, an email confirmation of the deposit will be sent to those designated to receive email notification. The email confirms that the deposit was received by the bank. Multiple email addresses may be provided per machine. However, the email confirms will not designate between deposits, but will be sent for all deposit made on the machine. It is strongly recommended that at least two email addresses be included to receive confirmations, or the agency may want to consider a central email address that multiple users can view. The email confirmation will provide the deposit ID and the deposit amount.

Once the email has been received, print the deposit summary receipt. Verify the receipt, highlight the lines of data that coincide with your cash receipt document, sign the summary receipt and attach to your completed cash receipt document.

Additionally, the detail report may be printed and bundled with the actual checks until the checks are destroyed.

MINIMUM REQUIREMENTS

A Windows-compatible personal computer, software provided by bank, and a desktop scanner provided by bank and Treasury allow you to scan and store check images, and transmit your deposit from your desk. Treasury will furnish one scanner per agency, and additional scanners may be purchased from the bank.

Following are the minimum requirements for the agency PC that will be utilized in conjunction with the scanner. The PC hardware and software requirements will be met by the agency.

Minimum Hardware Requirements:

- Pentium 4 2.8 GHZ Processor
- 512 MB RAM
- 10/100 Network Card
- 40 GB hard drive
- USB 2.0 ports

Minimum Software Requirements:

- Windows 2000 Service Pack 4, or Windows XP Service Pack 4
- Net 1.1 Service Pack

Note: the script blocking function on any anti-virus or other software on the PC which blocks script must be disabled.

CONTACT

The Remote Express Deposit Customer Support for Sterling Bank is 877-266-5083, option 2.

Treasury Cash Management may be reached at 242-7507.